

Congresswoman Louise Slaughter (NY-28) spoke to a conference of the nation's leading economists about reversing the trend of income inequality that has hurt America's middle and working class.

Slaughter addressed a respected group of policymakers and scholars regarding the threat that income inequality poses to the U.S. as the leading global economy at the Tobin Conference. Attendees discussed solutions to stop the trend of sliding wages and loss of jobs affecting the middle class.

"We must fight inequality by helping everyone to become productive members of society," said Slaughter. "We must change our mentality from 'hand-outs' to a help up the ladder."

The Tobin Project conference was held in Boston. Others in attendance included Simon Johnson from the Massachusetts Institute of Technology, Richard Freeman from Harvard University, Martha Coven, Special Assistant to the President for Mobility and Opportunity, Domestic Policy Council and Xavier Briggs, Associate Director for General Government Programs, OMB, among the foremost names in labor economics.

The full text of her comments are below.

Thank you for inviting me to speak here tonight about economic inequality. It is exciting to be here among so many scholars who are committed to using their research to make our country more just, more equal, and more successful.

Over the past thirty years, the United States has become richer and more powerful but it has also become more unequal. Our rising inequality threatens our place in the global economy, and it threatens our democracy.

A recent study showed that the top one percent of Americans receive 15 percent of all income. That is two times the rate in the 1960s and 1970s.

While the rich are getting richer, the poor are getting poorer.

I just read a recent study by the Center for Labor Market Studies at Northeastern University about employment levels. Families in the highest income groups had almost no unemployment -- a 3 percent unemployment rate. The lowest-income group had unemployment rates of 31 percent.

We cannot allow this to continue.

We need to tackle these problems in new and different ways, and I look to you for ideas.

While there are challenges and roadblocks to becoming a more just nation, I do come with good news.

In March, I stood with President Obama as we signed into law health care reform. This is the single biggest legislation in a half-century. We have to go back to the great legislation of the New Deal to see anything as profound.

We all know the links between health care and economic success – or failure.

Every year, there are approximately 1.5 million personal bankruptcies, and one study estimated that 62 percent of personal bankruptcies were caused by medical bills. Most of those who went bankrupt had health insurance, and were middle-income. If you are middle income or low-income in America, you were just one serious illness away from bankruptcy.

Until health care reform.

Health care invests in those families struggling to make ends meet, and will help to restore

some of the balance between the haves and the have-nots.

Health care reform benefits target moderate- and low- income families, while some of the burden will fall upon the rich. Subsidies will be offered to low- and moderate-income families, such as a family of four with an income below \$88,200.

Health care reform caps spending on premiums to 9.5 percent of income for low- and moderate-income families.

To ensure that working class families get the benefits they need, individuals and families with income below 133 percent of poverty will be eligible for Medicaid, regardless of the state in which they live.

Health care reform will help middle income and working class families, first and foremost. It is, therefore, an economic and moral attack on the fundamental inequality gripping our country.

But you know, and I know, that health care reform is not enough to solve the problem.

When I think of income inequality, I think also of the economic power of women.

I look around this room, and I see mostly men, and that in and of itself is a sign that women have not reached the pinnacles of economic and scholastic power.

Our struggle to raise the economic power of women reaches back over a century.

Forty six years ago President Kennedy signed the Equal Pay Act to address the unconscionable practice of paying women less than men for the same job. At that time, women earned 59 cents for each dollar earned by a man. While the wage gap has narrowed, today's working women

across America still earn only 77 cents for every dollar earned by men.

The Institute of Women's Policy Research found that this wage disparity will cost women anywhere from \$400,000 to \$2 million over a lifetime in lost wages. Over time, women earn significantly less than men, and lower wages translate into less income that counts in calculating pension and in some cases Social Security benefits. Closing the wage gap will have a long term impact on women's economic security, especially in retirement.

The wage gap not only hurts women, it hurts families. It hurts children being raised by single moms who have to work two jobs to make ends meet. And it hurts families with two working parents who are struggling as one partner makes twenty percent less than her male colleagues.

Currently, single women who are head of households are twice as likely to be in poverty as single fathers. We know that pay equity for women is closely linked to eradicating poverty. For families living in, or near the poverty line, equal pay for women will make a significant difference to the well-being of America's families.

Although women's progress in society is evident, we still have so much fighting left to do.

Indeed, most people are shocked to hear that women today make up only 17% of the 111th Congress, with only 18 women in the U.S. Senate and only 78 women in the House of Representatives.

We have made progress in Congress on pay equity, passing the Lily Ledbetter Act on January 29, 2009.

This legislation reverses the Ledbetter v. Goodyear Supreme Court ruling that made it difficult for Americans to pursue pay discrimination claims. This statute applies to workers who file claims of discrimination on the basis of race, sex, color, national origin, religion, age, or disability.

This historic law is about restoring fundamental fairness to the workplace. No one should be treated differently because of their gender, the color of their skin, or their religious beliefs.

But we have more to do.

Congress is currently considering the "Paycheck Fairness Act", which will help ensure that women receive equal pay for equal work.

This legislation will strengthen the Equal Pay Act of 1963, expanding damages under the Equal Pay Act. In addition, the Paycheck Fairness Act calls for a study of data collected by the EEOC and proposes voluntary guidelines to show employers how to evaluate jobs with the goal of eliminating unfair disparities.

On January 9, 2009, this critical legislation passed the House of Representatives by a vote of 256 to 163. The Senate has yet to take it up.

We still need to keep fighting for income equality for women.

And we need to fight for consumer protections to protect the average consumer.

Prohibiting exploitative practices by credit card companies will protect consumers – without harming our economy.

With costs continuing to rise, Americans face tough choices when determining how to allocate their monthly income. Many are forced to put everyday expenses such as their utility, grocery or medical bills on their credit cards just to make ends meet. Far from helping struggling consumers, credit card companies appear to be exploiting this debt cycle by increasing interest rates to as much as 30 percent and piling on fees.

To put an end to these unfair practices, I introduced HR 4300, Restoring America's Commitment to Consumers Act, with my colleague Representative Tierney. This bill would institute a cap on credit card interest rates to protect consumers from these outrageous increases, while also limiting fees to consumers.

Laws limiting this kind of usurious behavior have been in place since the Babylonian Empire, and they were present in the United States on the state level until 1978 when a Supreme Court ruling effectively eliminated states' usury laws. That decision called on Congress to act and address the issue with new legislation, but Congress has not acted to do so, and rates have continued to climb unchecked.

I could talk for hours about different legislation to strengthen consumer protection and reduce income inequality, but I know you want to know why we haven't been able to pass all this great legislation.

Indeed, there are a million good ideas out there. Indeed, in this room alone, there are probably 100,000 good ideas.

A good idea is not enough. A great idea is not enough.

You need to get it through 218 Representatives in the House of Representatives, and then reach 60 Senate votes for cloture. We have close to 300 first-class bills that have passed the House – but the Senate has taken no action.

Passing legislation is not just hard; it is grueling.

It took me thirteen years to pass my genetic nondiscrimination legislation, and many years to pass legislation that established Women's Health Centers to make sure that research was done on women --- not just men. It wasn't just policy-makers who went to bat; we relied on your scholarship.

So what are the challenges we face, what are the arguments we face when trying to pass legislation that alleviates income inequality? And how can scholars help, you ask.

When it comes to income inequality, the arguments are legion.

Most frequently, I hear people saying, "oh, people just need to work harder. I am where I am because I worked my tail off."

This sentiment cannot simply be dismissed.

It is true. Many Americans have gotten where they are through very hard work.

I can think of many families who work double and triple time, taking on overtime shifts in factories, and cutting costs to the bone. I grew up in Kentucky, a coal miner's daughter, and I can tell you that I know hard work. And in upstate New York, I have many constituents doing the same. They leave at 5am, and don't come back sometimes until 8pm, after their kids are asleep. Or they are refugees and immigrants, who came to this country, without a cent to their name, and they worked their way from nothing to middle class lives.

We cannot deny these folks their hard work, their discipline, and the rewards they are owed.

We must fight inequality by helping everyone to become productive members of society. We must change our mentality from 'hand-outs' to a help up the ladder. Education, health care, job training, access to jobs, consumer protections, better financial regulation. All those empower Americans, and engage individuals from all sides of the political spectrum.

And we must, indeed, engage every American in fighting to make America a more equal, more just place.

I know that the extreme inequality we are seeing is wrong.

I know that it's bad for people at the bottom of the income spectrum, and I know it's bad for the shrinking middle-class. I am doing everything I can to pass legislation to turn back the tide of rising inequality.

I also know that these extreme levels of inequality are problematic for bigger reasons – for our country and our democracy. Concentrated wealth leads to a rise in the power of special interests.

And the wealthy gain disproportionate access to media and advocacy groups. Sometimes the voice of the middle class is lost. Not entirely and not always, obviously. But it happens.

Private interests, therefore, sometimes win over the public good. We can fight it, and we will. Tooth and nail.

But I need your help.

If you as scholars can provide evidence of this -- that inequality is damaging to all Americans -- then I'll be able to better fight for the policies that our country needs.

Scholarly input and research has helped to pass the legislation I have worked so hard on: health care, women's rights, and consumer protections. In fact, the scholarship of many in this room, I am sure.

But we need more. Academics must continue to pursue rigorous scholarship to challenge the conventional wisdom that inequality is harmless or inevitable, and share that scholarship with policymakers. Otherwise we're stuck in a place where we know that inequality is wrong but we're not able to do enough about it.



We need to convince the public that this is true – and I need your help to do this. If you could bring your expertise to bear on these questions, and help me and my colleagues in Washington to understand the deep consequences are of rising inequality than we can, together, achieve legislative reform.

Together, we sit in this room, and we have an opportunity.

We can fight together to create a more equal, more just nation.

Or we can let our nation slide back into a place where consumers have no protections against corporations, where women are dramatically underpaid, and where low-income individuals have no voice.

I know the choice that I have made, and I hope that I know the choice that you have made.

Thank you for this opportunity to speak with you this evening, and I look forward to your questions and comments.